



State of Connecticut

HOUSE OF REPRESENTATIVES STATE CAPITOL

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Testimony on Proposed SB 520 An Act Concerning Military Retirement Pay.

Dear Chairmen Flexer and Hennessy, Ranking Members Martin and Yaccarino, and distinguished members of the Veterans' Affairs Committee:

Thank you for adding Bill No 520, An Act Concerning Military Retirement Pay, to the Veterans' Affairs' Public Hearing agenda today. I have proposed a similar bill, Proposed HB 5340, An Act Concerning The Imposition of Personal Income Tax On Veterans' Pensions, which is currently in the Committee on Finance, Revenue and Bonding.

As you are aware, there are currently many states including Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming that have no personal state income tax, consequently all retired military pay is exempt from state income taxation. Additionally and according to an Office of Legislative Research Report of December 2014, 14 of the 41 states that do have an income tax do NOT tax military retirement pay. In the Northeast these states include Massachusetts, New Jersey, New York, and Pennsylvania. This accounting brings a total of twenty-two states that do not have a state income tax on military retirement pay. Connecticut can and must do better for its veterans.

Presently, **Connecticut exempts 50% of federally taxable retirement income** from the state income tax. A full exemption from the state income tax may result in keeping more of our Connecticut veterans in our state, thereby contributing to its overall welfare and economy.

By all accounts, Connecticut is a military state with home to the U.S. Coast Guard Academy, and it is the Submarine Capital of the World. Let's show our full support and appreciation for Connecticut's veterans by exempting all veterans' pensions from our state income tax.

It is a privilege and an honor for me to testify today in support of Bill No. 520. I respectfully urge the Veterans' Affairs Committee to take action on this bill and to join the state of Missouri

that will be offering a 100% exemption from the state income tax on military retirement pay.

Thank you for your consideration of Bill No. 520 and I am pleased to answer any questions that you may have for me.

Kathleen M. McCarty
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